



MEMORANDUM

TO: Superintendents, Directors of Special Education

FROM: Lance Rhodes, Chief Financial Officer

DATE: April 7, 2010

SUBJECT: Reduction of Maintenance of Effort (MOE) limited to SY 2009-2010

For any fiscal year for which the federal allocation received by an LEA under § 300.705 exceeds the amount the LEA received for the previous fiscal year, an LEA may reduce the level of expenditures otherwise required by § 300.203(a) by not more than 50 percent of the amount of that excess as explained in the **CFR § 300.205** [46780] <http://idea.ed.gov/download/finalregulations.pdf>

This reduction in maintenance of effort is **only allowable during the year of the increase**. The ARRA grant represents an increase in funding that is a single event relevant only to the 2009 - 2010 year. Any carryover beyond this school year is still considered by the federal government to be money initially awarded in 2009. **Therefore, the reduction of maintenance of effort is only allowable for the 2009-2010 school year** for LEAs that are eligible to take advantage of this flexibility.

In light of the USDOE's clarification that the reduction in MOE is only allowable during the 2009-2010 school year, LEAs will be allowed to adjust their MOE calculation and modify grant awards to take advantage of a MOE reduction up to 50% **prior to June 30, 2010**. Although it has been allowable to submit the MOE calculation on Part B applications as an aggregate calculation for special education planning districts, MOE and MOE reductions must be calculated at the LEA level.

An earlier memorandum comprehensively addressing the topic of MOE can be accessed at: www.doe.in.gov/exceptional/speced/whatsnew.html

If you have questions regarding this information, please contact Dawn McGrath at dmcgrath@doe.in.gov or 317-232-0570.